

World Pear Situation: *Driven by Growing Output in China, Global Production Continues To Increase*

SUMMARY

Combined pear production¹ in major reporting countries in 2004/05 is estimated to increase for the ninth consecutive season and reach a new record of 15 million tons. A large crop in China accounts for much of the increase. Bigger pear crops are also expected in some other top producers, such as Argentina and Italy. Pear production in the United States is estimated down 4 percent during marketing year (MY) 2004/05.

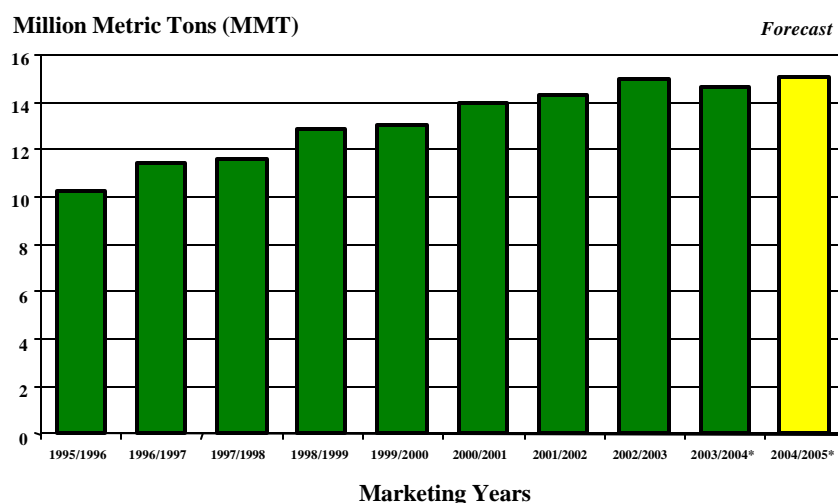
World pear exports in 2004/05 are estimated at 1.5 million tons, up 4 percent from last year. Contrary to expectations, China did not take the lead as the world's top pear exporter in 2003/04. However, in 2004/05 China is expected to tie Argentina as the world's top exporter. In the Northern Hemisphere, exports are anticipated to increase 4 percent. Large shipments from China and Italy are offsetting the expected 5-percent decline in volumes from the United States. Exports from Southern Hemisphere countries are expected to increase 5 percent.

PRODUCTION

China's pear industry, the world's largest, continues to be a major force behind expected 2004/05 world record output

Combined world pear production is expected to increase about 400,000 tons from the previous season, almost completely from increased production in China. For the first time, world production in select countries will reach over 15 million tons. According to the Food and Agricultural Organization (FAO),

World Pear Production To Increase for the Ninth Consecutive Season



* Totals no longer include Belgium, France, and the Netherlands

Source: USDA Agricultural Attaché Reports and the U.S. National Agricultural Statistics Service.

¹ Totals no longer include France, Netherlands, and Belgium due to discontinued reporting requirements.

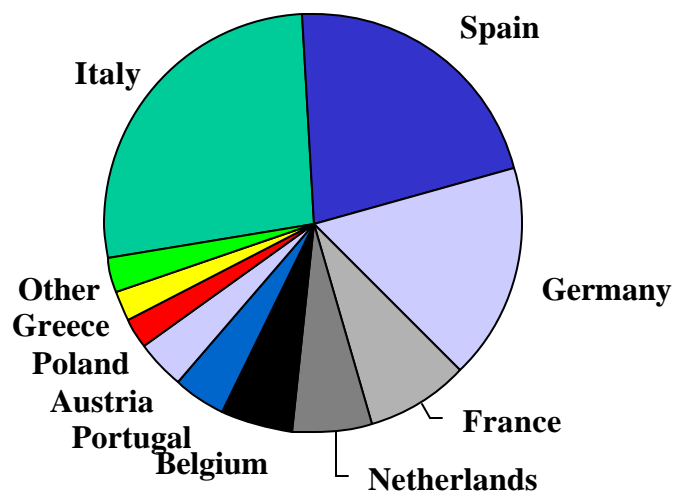
production in all countries in 2004 totaled 17.9 million tons. In 2004, China produced about 57 percent of the world's pears. China's pear production in 2004/05 is expected to be about 10.2 million tons, as orchards are maturing to fuller yields. In addition, commercial orchards and growers are choosing to top-graft pear trees to alternate cultivars rather than uproot and replant entire trees.

Pear production in the European Union 25 (EU-25) increased 6 percent

Combined pear production in countries of the European Union (EU) increased 6 percent during 2004. The EU accounted for 3 million tons of pear production or 17 percent of the 17.9 million tons produced globally. There are eight countries in the EU where FAS reports specifically on deciduous fruit: Germany, Greece, Hungary, Italy, Poland, Slovakia, Spain, and the United Kingdom. Of these, six countries report pear production, supply, and demand: Germany, Greece, Italy, Spain, Turkey, and the United Kingdom. These six countries are expected to yield about 1 percent less pear production in MY 2004/05 than the previous year. In Germany, the most important pear varieties grown are Alexander Lucas, Williams Christ (Bartlett), and Conference. Pear production in Greece is relatively labor-intensive causing upward pressure on domestic prices. Therefore, imported pears are more competitively priced, and domestic production is dependent on the level of imports. Most pears imported into Greece are from Italy. Italian pear production during 2004/05 returned to normal levels after the drought of 2003/04 and is expected to be up 4 percent. Spain continues to reduce area planted and harvested. Spain's production during the current marketing year is expected to be down 6 percent. Germany, Greece, and Spain are the only FAS reporting countries that are also on the list of top 10 EU pear-producing countries.

Top 10 Pear Producing EU Countries

2004 European Union - 25

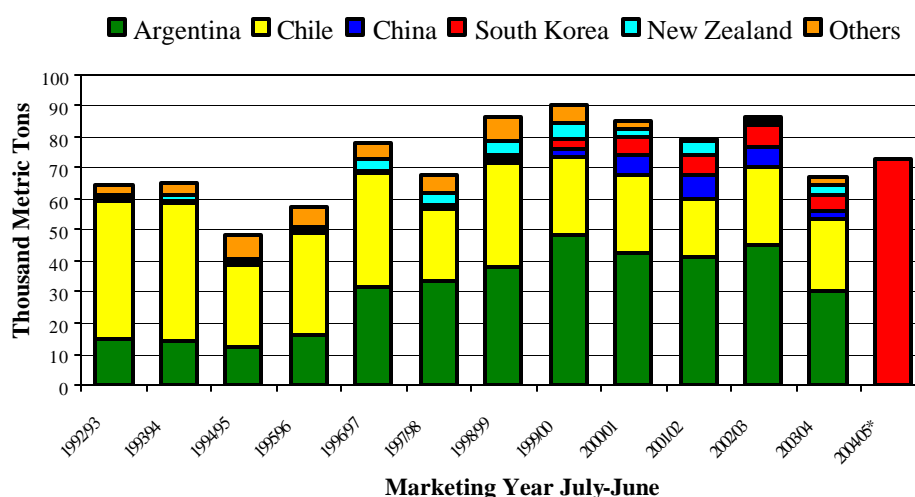


Source: Food and Agriculture Organization of the United Nations

Pear imports expected to increase 9 percent over 2003/04 low levels

U.S. pear imports declined 23 percent during 2003/04 mainly due to fewer pears imported from Argentina. During MY 2003/04, Argentine pear orchards suffered the effects of strong winds in December that resulted in fruit losses and low quality fruit. Much of the fruit was only suitable for the domestic market or less strict foreign markets such as Brazil. However, imports from New Zealand increased. New Zealand production levels fluctuate due to the biennial nature of their pear varieties. Production will contract during the current MY 2004/05. Imports from China for 2003/04 were off 65 percent from the previous year due to ongoing phytosanitary concerns.

Argentina and Chile Supply Most of the U.S. Pear Import Market; Shipments from China Decline (2003/04)



* Forecast

Source: U.S. Department of Commerce, Bureau of the Census

During MY 2004/2005, stronger imports are expected from Argentina during February through June. Expectations are that the 2004/05 season will not see an increase in pear imports from China, assuming no resolution to specific phytosanitary concerns by market year end in June. Last year, China only shipped pears during November, December, and January. China's central government is requesting that the United States reopen the market to Ya pears. Trade was suspended after the detection of *alternaria*, a quarantine pest that is not known to exist in the United States. China and the United States are currently reviewing a draft work plan for Ya pears. However, at this time it is unclear when and if the Ya pear trade will resume with the United States.

China has also requested access into the United States for Fragrant pears. The USDA/APHIS² is reviewing a final rule that will contain the entry requirements for Fragrant pears. However, it is too early to determine when the final rule will be published. Current Chinese policy is aimed at

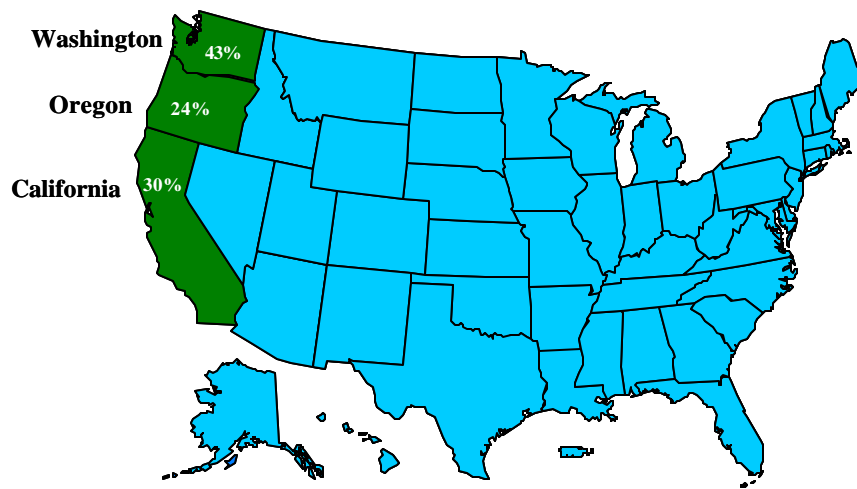
² Animal Plant Health Inspection Service

improving the economic situation of farmers, as well as increasing the supply of fruits during China's off-season. As a result, pear quality continues to improve.

U.S. pear crop up 6 percent from previous year's low levels

According to the National Agricultural Statistics Service (NASS), utilized pear production for 2004, at 805,943 tons, is down 4 percent from the previous year. Washington, the top producing state, utilized 350,173 tons, down 9 percent from 2003. California, the second largest producer at 244,033 tons, is down 1 percent from the previous season. Utilized pear production in Oregon, the third largest producing state, is 188,694 tons, up 4 percent from 2003.

**U.S. Pear Production Shifts Slightly With Less
Produced in Washington, More in California,
Oregon Unchanged**



Source: USDA National Agricultural Statistics Service – Noncitrus Fruits and Nuts – Preliminary Summary, Jan. 2005

Since last year, pear production in the United States has shifted somewhat. Washington production is down slightly at 43 percent of the total from 48 percent last marketing season. California is up to 30 percent of total production from 25 percent the previous year. Oregon is about unchanged from the previous year's 23 percent. Total pear production in Washington declined mostly due to a 12-percent decline in pears grown for juice processing and canning. However, Bartlett pear production also declined 4 percent. In California, Bartlett production increased 2 percent while pear production for processing declined 13 percent. According to the Pear Bureau Northwest, exports account for nearly 38 percent of the all pears grown in the United States.

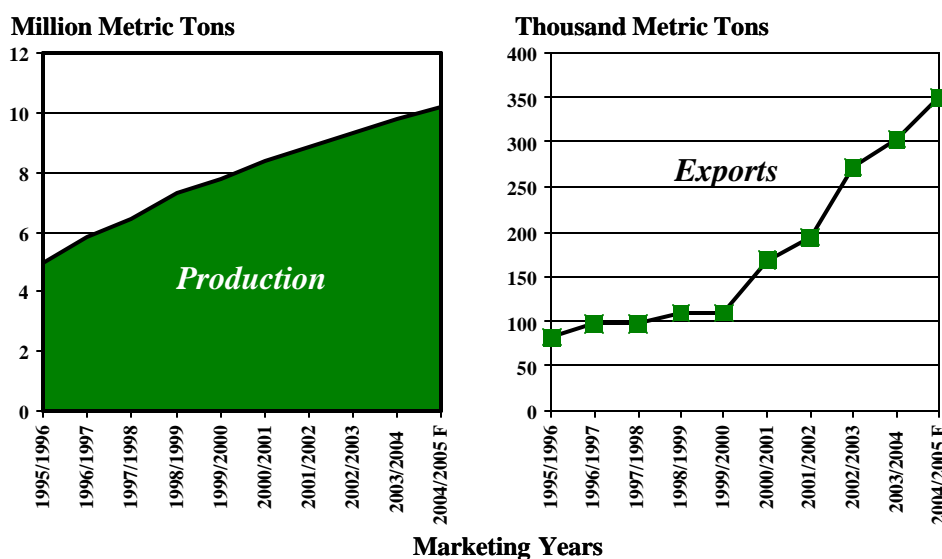
In the Southern Hemisphere, pear crops are down 7 percent

Combined pear production in selected countries of the Southern Hemisphere is expected to increase about 6 percent to 1.3 million tons, up from the 7 percent decline the previous year. During calendar year 2005, Argentina and Australia will both have higher production. Argentina's pear production will be up almost 12 percent. The pear crop in the Mendoza region is forecast at 90,000 tons while production in the Rio Negro and Neuquen region is expected to reach 500,000 tons. Australia's production increase is based on favorable precipitation early in the growing season, which produced an "excellent bud burst and early fruit set." For more information, see GAIN #AS5001. Production in South Africa is expected to be off 2 percent, while Chile is unchanged from the previous year.

TRADE

China's expanding pear exports bolstered by government's market access efforts

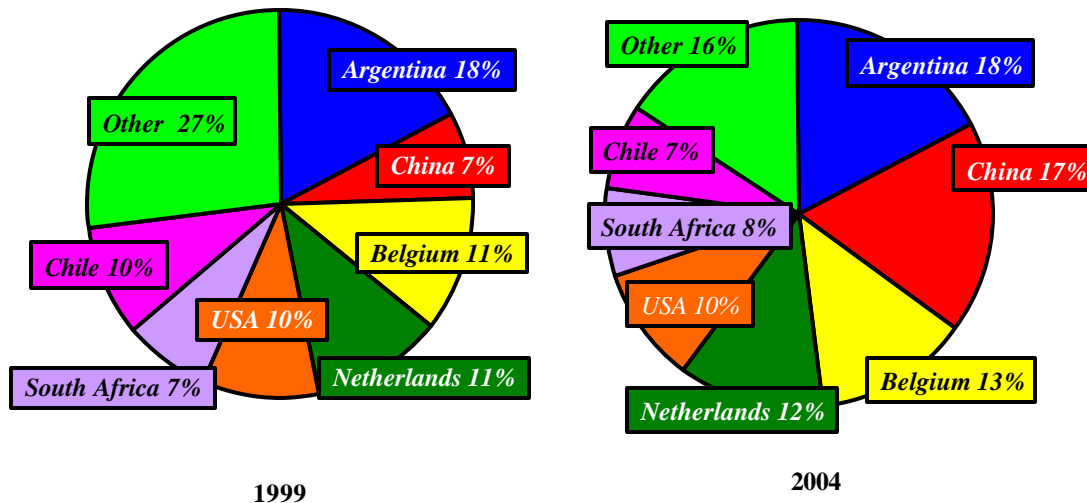
China's Pear Production and Exports Continue To Expand



Source: USDA Agricultural Attache Reports and the U.S. National Agricultural Statistics Service

China's pear exports during 2003/04 were off by about 47,000 tons from previous expectations. The suspension of exports to the United States and other countries following the detection of *Alternaria* fungus in Ya Pears contributed in part to the slow growth. However, pear exports for 2004/2005 are expected to reach the 350,000-ton level. According to GAIN Report #CH4033, data for 2003 show China shipping more pears to Indonesia, Russia, and Hong Kong.

China's Share of Global Pear Exports Is Expanding Rapidly



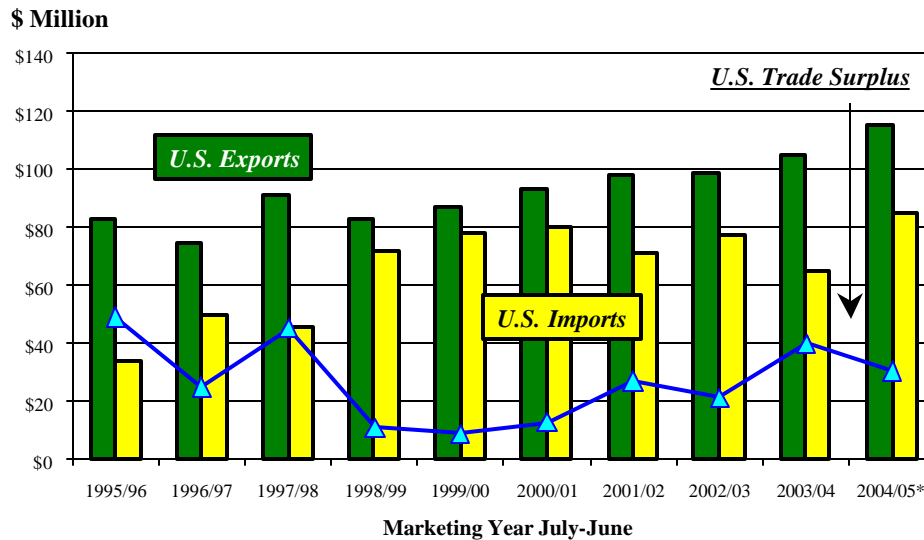
Source: Global Trade Atlas

While China's exports continue to expand, a 5-year comparison shows that this expansion is more at the expense of smaller pear-producing countries like Spain, France, Portugal, and Germany. Belgium and the Netherlands have increased their pear production in recent years in place of apple production. However, they do not produce as many pears as Spain, France, and Germany. Belgium and the Netherlands export a much larger percentage of their production.

U.S. pear shipments down 5 percent during MY 2004/05

Exports of pears from the United States totaled 166,576 tons during MY 2003/04 at a value of \$104.6 million. Export values through February of this year are up 10 percent. However, the quantity of pears exported is down through February and expected to be down 5 percent for MY 2004/05. About half of all exports are destined for the Mexican market, while about one-fourth of exports reach Canada. Other top markets that purchased over 3,000 tons of pears from the United States include Brazil, Netherlands, Taiwan, Sweden, and Colombia. Early season shipments are composed mainly of the Bartlett variety. Winter pear varieties begin to ship in September. The most frequently exported variety, according to industry, is the Green Anjou variety. In addition, most Bosc pears exported are destined for Mexico while most Bartlett pears exported are destined for Canada. Asian markets prefer the red winter pear.

U.S. Trade Balance in Pears



Source: U.S. Department of Commerce, Bureau of the Census

* Forecast

The United States continues to be a net exporter of pears. Current estimates indicate the trade surplus value at \$30 million, down \$10 million from last year. The U.S. pear industry remains very active in export market development with activities in 36 countries. Focus is on expanding the marketing season and increasing variety in products offered.

The Market Access Program (MAP) is an important market development tool used to stimulate demand and fuel pear exports. During MY 2005/06, the USDA/FAS and the PBNW and The California Pear Advisory Board (CPAB) will share the cost of undertaking promotional activities in Asia, Latin America, the Middle East, and Europe. MAP funding for 2004/05 amounted to \$2.1 million. The PBNW and the CPAB are the promotional arms of the U.S. pear industry working to develop international markets for the U.S. pear grower. In Mexico, our largest export market for pears, the PBNW and the CPAB have used MAP funding to expand promotional periods for U.S. pears, which compete with pears (mostly from Latin America), and to encourage retailers to handle more varieties and to display fully ripened pears. In more challenging and developing markets like Russia, the PBNW and the CPAB have used MAP funds to increase the size of the market in an environment of increasing competition and fast growing food retail.

USDA held a referendum on proposed amendments to marketing order 927, which regulates the handling of winter pears grown in Oregon and Washington State. The marketing staff at the Agricultural Marketing Service is reviewing the results of a referendum and results will be announced soon. More information is available at <http://www.ams.usda.gov/fv/moab.html>

(For information on production and trade, contact Heather Velthuis at 202-720-9792. The FAS Attaché Report search engine contains reports on deciduous fruit for more than 20 countries and can be found in the FAS home page at: <http://www.fas.usda.gov>. Also, visit our pear web page at: <http://www.fas.usda.gov/http/horticulture/pears/html>)